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June 22, 2005

By Courier and E-File

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd floor
Boston, MA 02202

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Attorney General:

AG-9-49
AG-22-29

AG-15-7
AG-22-34

AG-22-12
AG-22-41

AG-22-15
AG-22-42

Please do not hesitate to telephone me with any questions.

Very truly yours,

Robert L. Dewees, Jr.

RLD/gs
Enclosures

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
John Sullivan, DTE (7 copies)
Andreas Thanos, Assistant Director, Gas Division
Alexander Cochis, Assistant Attorney General (4 copies)
Paul R. Osborne, Assistant Director, Rates and Revenue Requirements Division (1 copy)

BOS1503824.1

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
NINTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: James L. Harrison

AG-9-49 Please provide all workpapers, calculations and assumptions used by the Company to compute both (1) throughput and (2) the total number of customers for use as an explanatory variable in its regression analysis.

Response: The current marginal cost study represents an update to the studies performed in 1987, 1991 and 1994. In the course of conducting these studies, a database including firm throughput and total number of firm sales customers was developed. The supporting workpapers for these earlier studies are no longer available. Data for the period 1994 to 2002 was provided in volume 3 of the workpapers on page 391, lines 6 and 39, respectively. The source of this data was from the Company's Accounting department as reported each year-end and reflects the annual firm sendout and number of active meters on record at December 31 of each year.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIFTEENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Harrison

AG-15-7 Please provide all work papers, calculations and assumptions used by the Company to calculate throughput and number of customers for use as an explanatory variable in its regression analysis. Explain the difference between the number of customers identified on Schedule JLH-3-6 pages 1 of 5 and 3 of 5 (283,032), as compared to Schedule JLH -3-6 pages 2 of 5 and 4 of 5 (282,983).

Response: The throughput variable is taken from the Company's annual records for total gas received less deliveries to interruptible customers. The Marginal Cost Study work papers for this input data was provided in volume 3 of the Company's filing on pages 390-391. The source for this data is recorded and stored in the Company's GRIPS¹ data system. Attachment AG-15-7 contains the data extraction used for Exhibit 7. The number of customers is taken from the Company's end of year active meter count and reduced by the number of interruptible customers. This data extraction is also shown in AG-15-7.

The requested explanation of the difference was previously provided in response to AG-9-50.

¹ GRIPS is an acronym for "Gas Resource Information Processing System".

Attachment AG-15-7

date	meters	year	month	Firm Sendout	year	month	Firm Sendout
Dec-94	248,710	1994	1	8,363,201.000	1998	1	7,222,108.907
Dec-95	252,841	1994	2	6,969,089.232	1998	2	6,003,884.311
Dec-96	257,364	1994	3	5,497,919.850	1998	3	5,551,183.833
Dec-97	261,170	1994	4	2,859,408.114	1998	4	3,433,309.015
Dec-98	265,545	1994	5	2,026,546.603	1998	5	2,755,627.695
Dec-99	272,086	1994	6	1,275,072.259	1998	6	2,580,721.148
Dec-00	273,808	1994	7	1,111,208.531	1998	7	1,664,848.193
Dec-01	276,749	1994	8	1,215,246.980	1998	8	2,163,444.311
Dec-02	279,495	1994	9	1,393,847.204	1998	9	2,223,720.573
Dec-03	281,227	1994	10	2,565,945.173	1998	10	3,470,610.440
Dec-04	282,780	1994	11	3,659,350.835	1998	11	5,177,673.642
		1994	12	5,682,831.001	1998	12	6,516,552.679
		1995	1	6,263,158.192	1999	1	8,092,251.430
		1995	2	6,612,420.641	1999	2	6,328,732.642
		1995	3	5,056,834.497	1999	3	6,323,353.100
		1995	4	3,515,692.563	1999	4	5,399,601.700
		1995	5	2,116,251.876	1999	5	4,616,826.900
		1995	6	1,322,622.193	1999	6	4,063,352.500
		1995	7	1,188,509.594	1999	7	3,897,035.200
		1995	8	1,269,576.042	1999	8	3,306,515.900
		1995	9	1,520,658.541	1999	9	3,399,580.600
		1995	10	2,244,912.987	1999	10	3,722,845.500
		1995	11	4,875,216.394	1999	11	5,689,667.600
		1995	12	7,202,669.971	1999	12	8,037,828.000
		1996	1	7,560,171.658	2000	1	9,969,567.700
		1996	2	6,862,547.175	2000	2	7,945,886.500
		1996	3	6,026,748.463	2000	3	6,709,784.500
		1996	4	3,639,317.642	2000	4	5,638,110.074
		1996	5	2,196,388.148	2000	5	4,416,157.700
		1996	6	1,348,953.099	2000	6	3,361,184.200
		1996	7	1,271,784.079	2000	7	3,275,445.400
		1996	8	1,316,935.491	2000	8	3,427,212.580
		1996	9	1,567,730.146	2000	9	3,342,043.200
		1996	10	2,918,536.483	2000	10	5,131,952.000
		1996	11	5,228,200.054	2000	11	6,257,712.640
		1996	12	5,881,535.278	2000	12	9,817,885.320
		1997	1	7,754,600.327	2001	1	9,071,256.000
		1997	2	5,720,182.800	2001	2	8,087,420.400
		1997	3	6,074,881.320	2001	3	8,248,666.100
		1997	4	3,991,064.498	2001	4	4,657,042.100
		1997	5	2,390,752.734	2001	5	3,372,820.690
		1997	6	1,511,439.271	2001	6	2,903,795.700
		1997	7	1,231,136.140	2001	7	2,451,980.800
		1997	8	2,040,068.470	2001	8	3,068,258.600
		1997	9	2,177,053.160	2001	9	3,225,134.900
		1997	10	3,775,067.677	2001	10	4,767,148.700
		1997	11	5,314,673.381	2001	11	5,030,078.200
		1997	12	7,129,834.784	2001	12	7,387,727.200
					2002	1	8162451.5

2002	2	6867221.087
2002	3	7364114.1
2002	4	4820190
2002	5	4228730.4
2002	6	2946319.2
2002	7	3015195.8
2002	8	3438180.7
2002	9	4051164.2
2002	10	6135961
2002	11	7106969.7
2002	12	9400495
2003	1	11036925.24
2003	2	9403788.4
2003	3	7752102.6
2003	4	6103612.198
2003	5	4427785.199
2003	6	3383854.168
2003	7	2968985.401
2003	8	2655090
2003	9	2362913.302
2003	10	4802587.9
2003	11	6221211.1
2003	12	8535947.5
2004	1	11547154.98
2004	2	8637761.7
2004	3	7178865.499
2004	4	5115995.618
2004	5	3799320.4
2004	6	3214637
2004	7	1892305.067
2004	8	1998949.018
2004	9	2438488.202
2004	10	3767428.421
2004	11	5786921.185
2004	12	8778824

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWENTY SECOND SET OF INFORMATION REQUESTS FROM THE
ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: James L. Harrison, Consultant (Cost Studies)

AG-22-12 Refer to Schedule JLH-1-7, Proposed Cost of Gas Adjustment Clause-redlined. Please explain the operation of the bad debt recovery mechanism in the proposed CGA tariff (Section 15, proposed). Compare the proposal to the current approved method. Is it the Company's intent to recover dollar for dollar the cost of all CGA costs written off?

Response: The proposed method of bad debt recovery shown in Section 15 of Schedule JLH-1-7 is the same as Bay State's currently approved CGA tariff. The Company's intent to recover dollar for dollar the cost of all CGA costs written off.

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D. T. E. 05-27

Date: June 22, 2005

Responsible: James L. Harrison, Consultant (Cost Studies)

AG-22-15 Under the operation of the proposed SMBA, will all CGA customers be allocated a portion of all gas costs? Please discuss the response in terms of why some customers that use gas during the winter may be allocated proportionately less (or no) peaking supply costs.

Response: Yes, all CGA customers, with the possible exception of lighting customers, will be allocated a portion of all gas costs. Commodity and demand costs consist of base and remaining costs. In the case of lighting customers, all of their load are satisfied with base demand and base commodity. Therefore, they are not assigned any remaining demand or commodity costs.

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D. T. E. 05-27

Date: June 22, 2005

Responsible: James L. Harrison, Consultant (Cost Studies)

AG-22-29 If the Company performed seasonal (peak and off peak) accounting cost of service studies, please provide hard copies of the complete studies and working spreadsheet models of these studies. Include all supporting workpapers, calculations and assumptions. If such studies were not performed, please explain why.

Response: No seasonal studies were performed. The design of seasonal rates was based on a simple allocation of delivery related demand costs to seasons using a Proportional Responsibility allocator. A seasonal cost of service study would have entailed rate case expense with marginal value.

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D. T. E. 05-27

Date: June 22, 2005

Responsible: James L. Harrison, Consultant (Cost Studies)

AG-22-34 Please explain why, in performing the allocated accounting cost of service studies, the Company did not eliminate from the total company cost those costs that are recovered through the CGA and LDAC, rather than remove an allocated amount from each class for those costs in the computing the distribution cost of service study.

Response: One of the primary goals of the accounting cost of service study is to establish the revenue requirements for delivery rates and establish the indirect gas costs that are to be recovered through the CGA. If the current recoveries of all LDAC and CGA costs are removed from the cost study, it can no longer identify indirect gas costs accurately.

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Date: June 22, 2005

Responsible: James L. Harrison, Consultant (Cost Studies)

AG-22-41 Refer to Schedule JLH-2-4. Please provide the basis for the allocation of Production Plant and related costs to the Delivery function. Include all supporting documentation with supporting citations to the Department's precedent regarding this type of allocation.

Response: Production plant used for pressure support was assigned to the delivery function. The purpose of this allocation is to recognize that LDC's can often utilize pressure support from locally manufactured gas in lieu of more expensive distribution plant reinforcements. Without this pressure support, a gas distribution utility could not deliver gas received at its gate station to the periphery of its system at a minimum acceptable pressure. Calculation of pressure support requirements are shown of Schedule JLH-3-1 and its supporting work papers. The calculation has been employed on numerous accounting and marginal cost studies filed with the DTE including Boston Gas (96-50), Bay State Gas (95-52), Commonwealth Gas (96-50), Fall River Gas (96-60), Fitchburg Gas (98-51), Berkshire Gas (01-56), and Fitchburg Gas (02-25).

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Date: June 22, 2005

Responsible: James L. Harrison, Consultant (Cost Studies)

AG-22-42 Refer to Schedule JLH-2-2. Please explain, in detail (account by account), how the allocations of the Metscan related costs (plant and expense) were made. Provide all supporting documents, workpapers, calculations, assumptions and correspondence/communications, internal and external, regarding the Metscan cost inclusion and allocation in the Company's proposed cost of service.

Response: The allocation of Metscan plant costs Acct. 397 - Communication Equipment Metscan and related plant costs and expenses were made on the same basis as the allocation of the investment in Acct. 381 - Gas Meters. The Workpapers supporting the meter allocation factor CUST381 in Schedule JLH-2-2, page 51 of 92, line 2 are shown in workpapers Exh. BSG/JLH-3, pages 322 to 329.